

5712 12/14/01 \$ 2,500.00
SW

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

ROWESIX • BUILDING 5
P.O. BOX 40257
OLYMPIA, WA 98504-0257

Phone: (360) 753-7300
Fax: Operations • (360) 438-7630
Licensing • (360) 438-7629

IN THE MATTER OF

JEFFERSON INSURANCE COMPANY,)	CONSENT ORDER
)	IMPOSING A FINE
An Authorized Insurer)	
)	No. D2001- 125
)	
)	
)	

FINDINGS OF FACT:

1. Jefferson Insurance Company ("Jefferson") is an insurer authorized to write property and casualty insurance in Washington state.
2. RCW 48.05.390 and WAC 284-07-010 require each insurer authorized to write property and casualty insurance in Washington state to submit annually a special liability insurance report. The report covering the period ending December 31 of each year must be submitted no later than May 1 of the year following the year which is the subject of the report.
3. Jefferson failed to submit its special liability insurance report for the period January 1, 2000 to December 31, 2000 timely, even though the agency's Senior Actuary had advised Jefferson's Senior Compliance Analyst in writing on January 22, 2001 that the report would be due in accordance with written instructions sent to Jefferson on November 15, 2000, **"Even if a company has no data to report, it still must submit the required form."** (emphasis in original)
4. On May 10, 2001, the Senior Actuary again wrote to Jefferson, pointing out that the Office of the Insurance Commissioner (OIC) had not received Jefferson's special liability insurance report by May 1. The May 10 letter said "Please submit this report immediately. **If we do not receive your report by June 1, 2001, you will be assessed a fine of at least \$2500,** under the provisions of RCW 48.05.185." (emphasis in original) The May 10 letter enclosed a copy of the required form and also mentioned that it was available on the OIC website.
5. On July 17, 2001, an OIC employee named Matthew Kreiger wrote to one Michael Arhus at Jefferson's Legal Department, pointing out that Jefferson had still not submitted the long overdue report. The letter said that the OIC intended to levy the \$2500 fine

against Jefferson "...and we intend to increase the fine if the company does not submit this report by August 6, 2001."

6. On August 6, 2001, one Daniel Methene faxed the report to Mr. Kreiger. The fax transmission sheet contained a notation by Mr. Methene: "I am faxing you the special liability report that is past due. I have taken over the filings for Jefferson Insurance Group and am just catching up with most of their past due filings. I did not know this report was overdue until your letter arrived on my desk today."

CONCLUSION OF LAW:

1. The failure of Jefferson to submit its special liability insurance report for the year 2000 not later than May 1, 2001, was a violation of both RCW 48.05.390 and WAC 284-07-010.

CONSENT TO ORDER:

1. The Jefferson Insurance Company admits to the foregoing Findings of Fact and Conclusion of Law. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of an authorized insurer's certificate of authority. Jefferson wishes to resolve this matter without further administrative or judicial proceedings. By agreement of the parties, the OIC will impose a fine of Two Thousand Five Hundred dollars and no cents (\$2500) upon Jefferson, in lieu of further proceedings.

2. Jefferson must pay this fine in full not later than thirty days from the entry of this order. Pursuant to RCW 48.05.185, failure to pay this fine timely and in full shall constitute grounds for a revocation of the insurer's certificate of authority, and for recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED this 6TH day of DECEMBER, 2001, by:

JEFFERSON INSURANCE COMPANY

Typed Name:

Typed Corporate Title:

Gary R. Dittman

Gary R. Dittman

PRESIDENT & CEO

ORDER:

pursuant to RCW 48.05.185, the Insurance Commissioner hereby imposes a fine of \$2500 (two thousand five hundred dollars and no cents) upon Jefferson Insurance Company. The fine must be paid in full within thirty days after the entry of this order.

Failure to pay the fine timely and in full shall constitute grounds for the revocation of the insurer's certificate of authority and for the recovery of the fine in a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT LACEY, WASHINGTON, on this 14th day of December, 2001.

MIKE KREIDLER
Insurance Commissioner

By: William Kay Kirby

William Kay Kirby
Legal Affairs Division
Office of the Insurance
Commissioner